

CITY OF FRANKLIN

DEBT SERVICE FUND

The Debt Service Fund of the City is used to account for the payment of debt service on all general obligation debt with the exception of debt issued for water utility enterprise fund purposes which is paid by the utility. Payments on general obligation debt issued for general government purposes are funded by the following sources:

- Property tax levy for general City projects (for example, City facilities, such as the Police Facility or the Library Facility, or non-assessable projects)
- Special assessment collections, for public improvement projects financed with general obligation debt where the property owner is assessed the pro-rata share of the project cost in accordance with City policy and ordinance and state statutes.
- Impact fees collected for the purpose of paying toward new facilities after those new facilities have been completed.
- An increasing portion each year of landfill siting revenue is received in this fund and used to lower the annual debt payments. The estimated reduction in debt service payments during the years 2003 thru 2011 is \$3,100,000.

Over the last decade, the City's outstanding general obligation debt level has fluctuated from a low of \$13,715,000 at December 31, 1991 to a high of \$33,510,000 at December 31, 2001. Historically the city has planned to issue debt every other year. The last issuance of debt in 2005 in the amount of \$10,000,000 was to fund public improvement projects (\$3,000,000), and to provide initial funding for TIF's #3 & #4 (\$7,000,000). In 2006 the proceeds of the 2005 issuance and available funds in the Capital Improvement Fund will be used to fund approved projects. General obligation notes in the amount of \$10,000,000 will be issued in early 2006 to refinance existing CDA debt resulting in a savings of \$420,000. In the event that additional borrowing becomes necessary the City will look first to internal borrowing to meet its borrowing needs. By doing so the City avoids bond issuance costs and the lending fund receives more interest than it could generate in today's investment climate.

Future debt issuance's will undoubtedly be necessary to pay for public improvement projects as growth occurs in the community. They will add to the City's debt load; however, any new debt for projects presently contemplated for public improvement projects will be offset by the repayment of debt currently outstanding.

In 2005 the City repaid early the balance (\$550,000) of the 1996 GO debt offering. This was the fifth year that an early repayment of a debt issuance was made. No debt issues are available for early repayment in 2006.

As shown on the accompanying schedule of debt maturities, the City has general obligation debt outstanding at December 31, 2005 of \$32,900,000. This represents about 22% of the City's legal debt limit per Wisconsin Statutes (5% of equalized property value). With the growth of the City in the past decade, the ratio of general obligation debt to assessed value has ranged from 1.95% in 1992 to .91% in 1998. The ratio of general obligation debt to assessed value at December 31, 2005 is 1.24%.

In addition to the general obligation debt, the Community Development Authority of the City of Franklin has also issued redevelopment lease revenue bonds. These bonds are not general obligations of the City, but are secured by a lease on the City's Business Park. The primary source of repayment for the lease revenue bonds is property tax increment generated by the City's Tax Incremental Financing District No. 2, which comprises the Business Park.

CITY OF FRANKLIN 2006 BUDGET		2003 Actual	2004 Actual	2005 Adopted	2005 Amended	2005 Estimate	2006 Depl/Request	2006 Request	2006 Adopted	Percent Change
DEBT SERVICE FUND										
REVENUE										
GENERAL PROPERTY TAX	31 0000 4011	\$2,610,624	\$2,410,211	\$2,310,000	\$2,310,000	\$2,310,000	\$2,210,000	\$2,210,000	\$2,210,000	
INTEREST ON INVESTMENTS	31.0000.4711	0	0	0	0	0	0	0	0	
MISCELLANEOUS INCOME	31.0000.4799	100,000	0	0	0	0	0	0	0	
LANDFILL OPERATIONS-DIRECT	31.0000.4492	126,649	247,223	378,600	378,600	382,900	520,700	520,700	520,700	
LANDFILL OPERATIONS-SEPARATE	31.0000.4493	8,253	18,345	28,100	28,100	28,400	38,600	38,600	38,600	
LANDFILL OPERATIONS-FLAT	31.0000.4494	27,288	55,603	85,100	85,100	86,100	117,100	117,100	117,100	
LANDFILL OPERATIONS-TIPPAGE	31.0000.4495	39,658	135,738	157,500	157,500	212,700	289,100	0	0	
TRANSFER FROM IMPACT FEES	31.0000.4839	359,345	337,199	327,100	327,100	431,400	422,000	422,000	422,000	
TRANSFER FROM CDA	31.0000.48xx	0	0	0	0	113,590	309,128	309,128	309,128	
TRANSFER FROM SPECIAL ASSESSMEI	31.0000.4835	980,000	1,970,609	0	0	0	14,674	14,674	14,674	
DEBT SERVICE FUND REVENUE		\$4,251,817	\$5,174,928	\$3,286,400	\$3,286,400	\$3,565,090	\$3,921,302	\$3,632,202	\$3,632,202	10.5%
GO NOTES DEBT PROCEEDS	31 0000 4912					7,204,561				
TOTAL REVENUE AND OTHER FUNDING SOURCES		\$4,251,817	\$5,174,928	\$3,286,400	\$3,286,400	\$10,769,651	\$3,921,302	\$3,632,202	\$3,632,202	
EXPENDITURES										
G.O. 2600-95										
PRINCIPAL	31 000 8186 5611	510,000								
INTEREST	31 000 8186 5621	14,034								
TOTAL 1995 BORROWING		524,034	0	0	0	0	0	0	0	
G.O. 3250-96										
PRINCIPAL	31 000 8187 5611	300,000	300,000	850,000	850,000	850,000				
INTEREST	31.000 8187 5621	71,700	57,300	42,600	42,600	42,600	0	0	0	-100.0%
TOTAL 1996 REFUNDING		371,700	357,300	892,600	892,600	892,600	0	0	0	
G.O. 5475-96										
PRINCIPAL	31.000 8188 5611	850,000	2,600,000	0	0	0				
INTEREST	31 000 8188 5621	169,512	128,713	0	0	0	0	0	0	
TOTAL 1996 BORROWING		1,019,512	2,728,713	0	0	0	0	0	0	
G.O. 7850-99										
PRINCIPAL	31.000 8189 5611	625,000	700,000	725,000	725,000	725,000	950,000	950,000	950,000	
INTEREST	31.000 8189 5621	252,775	226,588	197,725	197,725	197,725	163,150	163,150	163,150	
TOTAL 1999 BORROWING		877,775	926,588	922,725	922,725	922,725	1,113,150	1,113,150	1,113,150	20.6%
PRINCIPAL	31.000 8021 5611	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
INTEREST	31.000 8021 5621	487,385	485,235	483,085	483,085	483,085	480,935	480,935	480,935	
TOTAL 2001 REFUNDING		537,385	535,235	533,085	533,085	533,085	530,935	530,935	530,935	
G.O. 10000-01										
PRINCIPAL	31.000 8025 5611	325,000	350,000	275,000	275,000	275,000	300,000	300,000	300,000	
INTEREST	31.000 8025 5621	427,719	413,375	400,094	400,094	400,094	387,800	387,800	387,800	
TOTAL 2001 BORROWING		752,719	763,375	675,094	675,094	675,094	687,800	687,800	687,800	
G.O. 3000-05										
PRINCIPAL	31.000 8025 5611						0	0	0	
INTEREST	31 000 8025 5621						120,712	120,713	120,713	
TOTAL 2005 BORROWING		0	0	0	0	0	120,712	120,713	120,713	
G.O. 4000-05 TIF #3										
PRINCIPAL	31 000 8025 5611						0	0	0	
INTEREST	31.000 8025 5621						160,466	160,466	160,466	
TOTAL 2005 BORROWING		0	0	0	0	0	160,466	160,466	160,466	
G.O. 3000-05 TIF #4										
PRINCIPAL	31.000 8025 5611						0	0	0	
INTEREST	31.000 8025 5621						120,124	120,124	120,124	
TOTAL 2005 BORROWING		0	0	0	0	0	120,124	120,124	120,124	
G.O. 10000-06 TIF #2										
PRINCIPAL	31 000 8025 5611						0	0	0	
INTEREST	31.000 8025 5621						0	0	0	
TOTAL 2006 BORROWING		0	0	0	0	0	0	0	0	
DEBT SERVICE PRINCIPAL		2,660,000	4,000,000	1,900,000	1,900,000	1,900,000	1,300,000	1,300,000	1,300,000	
DEBT SERVICE INTEREST		1,423,125	1,311,211	1,123,504	1,123,504	1,123,504	1,433,187	1,433,188	1,433,188	
DEBT SERVICE PRINCIPAL & INTEREST		4,083,125	5,311,211	3,023,504	3,023,504	3,023,504	2,733,187	2,733,188	2,733,188	-9.6%
UNCLASSIFIED EXPENSES										
BOND ISSUE COSTS	31 998.0000 5601	0	0	0	0	32,375	0	0	0	
PRINCIPAL PAID IN REFUNDING	31.998 0000 5611	0	0	0	0	0	0	0	0	
TOTAL OTHER COSTS		0	0	0	0	32,375	0	0	0	
TOTAL DEBT SERVICE FUND		4,083,125	5,311,211	3,023,504	3,023,504	3,055,879	2,733,187	2,733,188	2,733,188	-9.6%
EXCESS OF REVENUE OVER EXPENDITURES		168,692	-136,283	262,896	262,896	7,713,772	1,188,115	899,014	899,014	
FUND BALANCE, BEGINNING OF PERIOD		0	168,692	32,409	32,409	32,409	7,746,181	7,746,181	7,746,181	
FUND BALANCE, END OF PERIOD		168,692	32,409	295,305	295,305	7,746,181	8,934,296	8,645,195	8,645,195	

**City of Franklin
General Obligation Debt Maturities**

Assumes calling the 1999 debt in 2007 and Issuance of additional debt of \$1,500,000 in 2010 and every two years thereafter

Borrowing Date	Purpose of borrowing. Interest rate	amount. Payment Dates	Balance 12/31/2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
05/01/99	Capital Improvements												
	PRINCIPAL	\$7,850,000	5/1	\$4,325,000	950,000	3,375,000							
	INTEREST	3 5 - 4 3%	5/1, 11/1	163,150	71,719								
04/15/01	Current refunding												
	PRINCIPAL	\$10,000,000	3/1	\$9,825,000	50,000	50,000	50,000	50,000	50,000	105,000	400,000	420,000	680,000
	INTEREST	4 3 - 5 4%	3/1, 9/1	480,935	478,785	476,635	474,485	472,285	468,798	455,635	433,495	406,175	373,035
05/15/01	Capital Improvements												
	PRINCIPAL	\$10,000,000	3/1	\$8,750,000	300,000	1,125,000	1,450,000	1,475,000	2,175,000	2,225,000			
	INTEREST	4 25 - 4 6%	3/1, 9/1	387,800	356,600	299,225	233,413	151,288	51,175				
08/15/05	Capital Improvements												
	PRINCIPAL	\$3,000,000	3/1	3,000,000	0	50,000	50,000	100,000	100,000	150,000	500,000	650,000	700,000
	INTEREST	3 75 - 3 9%	3/1, 9/1	120,712	114,638	112,762	109,950	106,200	101,512	89,325	67,275	40,950	13,650
2010	PRINCIPAL		3/1							50,000	250,000	100,000	0
	INTEREST		3/1, 9/1					37,500	73,750	71,950	70,125	68,225	65,000
2012	PRINCIPAL		3/1								100,000	0	50,000
	INTEREST		3/1, 9/1							37,500	73,750	71,950	70,125
2014	PRINCIPAL		3/1										50,000
	INTEREST		3/1, 9/1									37,500	73,750
	PRINCIPAL TOTAL			25,900,000	1,300,000	4,600,000	1,550,000	1,625,000	2,325,000	2,530,000	1,150,000	1,270,000	1,380,000
	INTEREST TOTAL			1,152,597	1,021,742	888,622	817,848	767,273	695,235	654,410	644,645	624,800	595,560
	Total City Debt Service			2,452,597	5,621,742	2,438,622	2,442,848	3,092,273	3,225,235	1,804,410	1,914,645	2,004,800	2,210,560
08/15/05	Capital Improvements - TIF's												
	PRINCIPAL	\$4,000,000	3/1	4,000,000	0	0	250,000	275,000	300,000	350,000	400,000	750,000	825,000
	INTEREST	TIF #3	3/1, 9/1	160,466	153,638	148,950	139,106	128,325	116,138	102,075	79,950	49,237	16,575
	PRINCIPAL	\$3,000,000	3/1	3,000,000	0	0	275,000	300,000	350,000	400,000	450,000	575,000	650,000
	INTEREST	TIF #4	3/1, 9/1	120,124	115,012	115,013	109,856	99,075	86,888	72,825	56,550	36,562	12,675
01/01/06	Refinancing - TIF's												
	PRINCIPAL	\$10,000,000	3/1	0	0	0	2,300,000	3,000,000	4,700,000				
	INTEREST	TIF #2	3/1, 9/1	388,500	388,500	388,500	321,417	208,000	31,333				
	PRINCIPAL TOTAL			7,000,000	0	0	250,000	2,850,000	3,600,000	5,400,000	800,000	1,200,000	1,400,000
	INTEREST TOTAL			669,090	657,150	652,463	570,379	435,400	234,359	174,900	136,500	85,799	29,250
	Total TIF Debt Service			669,090	657,150	902,463	3,420,379	4,035,400	5,634,359	974,900	1,336,500	1,485,799	1,529,250
Population 32,548	DEBT SERVICE TOTAL	Per Capita 736		\$32,900,000	\$3,121,687	\$6,278,892	\$3,341,085	\$5,863,226	\$7,127,673	\$8,859,594	\$2,779,310	\$3,251,145	\$3,490,599
	Less:												
	Transfer from Impact Fees - Police			(3,761,825)	(243,000)	(243,000)	(243,000)	(243,000)	(243,000)	(243,000)	(143,000)	(243,000)	(233,825)
	Transfer from Impact Fees - Fire #2			(585,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)
	Transfer from Impact Fees - Fire #3			(1,122,000)	-	-	-	-	-	(66,000)	(66,000)	(66,000)	(66,000)
	Transfer from Impact Fees - Library			(2,100,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
	Interest Repayment from TIF's			(3,859,919)	(697,628)	(705,339)	(697,704)	(607,857)	(467,504)	(259,727)	(192,731)	(141,134)	(78,913)
	Principal Repayment from TIF's			(17,000,000)	-	-	(250,000)	(2,850,000)	(3,600,000)	(5,400,000)	(800,000)	(1,200,000)	(1,400,000)
	Land Fill Siting Revenue			(1,064,600)	(676,400)	(388,200)	-	-	-	-	-	-	-
	Add to (Use of) Fund Balance			(743,507)	899,015	(1,645,196)	40,000	(40,000)	-	362,171	327,989	217,139	0
	Estimated special assessments			(3,165,795)	(14,674)	(1,008,157)	(1,381)	(33,369)	(828,169)	(961,867)	(10,750)		(7,428)
	NET TAX LEVY IMPACT	44		\$2,210,000	\$2,110,000	\$2,010,000	\$1,910,000	\$1,810,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000